March 24, 2005

Harry Stoller
Illinois Commerce Commission

Dear Mr. Stoller:

The American Wind Energy Association (AWEA) appreciates this opportunity to file a second set of comments regarding the Renewable Portfolio Standard ("RPS") proposed as part of Governor Blagojevich's sustainable energy plan. While we agree with many of the comments filed by other parties, such as the general support for an interstate Renewable Energy Credit ("REC") trading program, there are a few issues we would like to clarify. These include the timing of the implementation of the RPS, the basis for measurement of compliance, and the imposition of penalties. These issues are discussed in further detail below.

<u>Timing</u>

Several parties expressed concern over the timing of the implementation of the RPS in relation to the Transition Period and the availability of renewable resources. AWEA agrees with ComEd's preference that compliance for the year 2006 be interpreted as contracts in place in 2006 with energy delivery by January 1, 2007. This would blend nicely with power accrued after the Transition Period and would get projects in the ground in 2006. There are approximately 2,000 megawatts of wind projects in the Illinois transmission queue and sufficient time to secure wind turbines from manufacturers to have projects built by the end of 2006.

<u>Basis for Measurement</u>

RPS requirements should be based on actual MWh retail sales. Ameren expressed concerns over the uncertainty that exists in planning for a particular amount of MWh sales, but these concerns are allayed with a system of REC banking. Under such a system, superfluous RECs from one year can be banked in a utility's REC account for up to two years. The extra megawatt-hours are used during these two subsequent years rather than being wasted during the first year, thereby preventing a significant cost problem.

<u>Compliance</u>

An alternative compliance payment is necessary to ensure that the renewable energy goals set forth by the RPS are reached. The suggested penalty of $25/MWh is required as a minimum, and AWEA and others suggest that the ICC consider a higher compliance payment of $50/MWh. In the event that a utility can legitimately demonstrate that economic renewable energy is not available (i.e. RECs cost more than the alternative compliance payment), utilities should not be required to pay the compliance penalty (this is referred to by ComEd as a Force Majeure clause). In this way the penalty acts as a price cap for renewables; $25/MWh would be a rather low cap, whereas $50/MWh would be more reasonable.

Conclusion

AWEA looks forward to working with the ICC and other stakeholders to build upon the solid framework of the Governor's sustainable energy plan to create an effective RPS that secures substantial amounts of renewable energy at the least possible cost. The comments above respond to issues of concern that were raised in the first round of responses and are not an exhaustive discussion of what will be required to establish a successful RPS program. The wind industry will be happy to discuss these and other issues in more detail in the upcoming April workshops.

Sincerely,

Mike Jacobs
Acting Policy Director

cc: Michelle Mishoe